

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 95-8493 Filed 4-5-95; 8:45 am]

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[Release No. 34-35552; File No. SR-OCC-94-11]

**Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving Proposed Rule Change Relating to Implementation of a Three-Day Settlement Standard**

March 30, 1995.

On December 30, 1994, the Options Clearing Corporation ("OCC") filed a proposed rule change (File No. SR-OCC-94-11) with the Securities and Exchange Commission ("Commission") pursuant to Section 19(b) of the Securities Exchange Act of 1934 ("Act").<sup>1</sup> Notice of the proposal was published in the **Federal Register** on February 2, 1995, to solicit comments from interested persons.<sup>2</sup> As discussed below, this order approves the proposed rule change.

**I. Description**

The proposed rule change will conform OCC's rules effective June 7, 1995, to Rule 15c6-1 under the Act. That rule establishes three business days after the trade date ("T+3"), instead of five business days ("T+5"), as the standard settlement cycle for most transactions in securities that underlie many OCC issued options. Rule 15c6-1 will become effective June 7, 1995.<sup>3</sup> As described below, OCC is revising several of OCC's rules that include references to underlying securities settlement time frames.

Under Rule 902, the assigned clearing member of an exercised call option contract or the exercising clearing member of an exercised put option contract will be required to deliver the underlying securities on the third business day following the day on which the exercise notice was given to OCC. Rule 2207 will provide that the settlement date for a stock loan will be three business days after the date on which the lending clearing member initiates the termination by notifying

OCC. Rule 2208(b) will provide that if the lending clearing member initiates the termination of a stock loan and does not receive the loaned stock in its securities depository account within three business days, the stock loan shall be completed when (1) OCC has transferred the stock to the lending clearing member's account after OCC has received the securities from the borrowing member or (2) the lending clearing member has executed a buy-in. Rule 2208(b) also will provide that the lending clearing member may execute a buy-in three business days after initiating the termination or at any time thereafter if the lending clearing member has not received the loaned stock by such date.

OCC has requested that the proposed rule change become effective on the same date as Rule 15c6-1. Rule 15c6-1 is scheduled to become effective on June 7, 1995.<sup>4</sup>

**II. Discussion**

The Commission believes the proposal is consistent with the requirements of Section 17A of the Act.<sup>5</sup> Specifically, Section 17A(b)(3)(F)<sup>6</sup> states that the rules of a clearing agency must be designed to promote the prompt and accurate clearance and settlement of securities transactions, to assure the safeguarding of securities and funds which are in OCC's custody and control or for which OCC is responsible, and to foster cooperation and coordination with persons engaged in clearance and settlement of securities transactions. Several of OCC rules are based on a five day time frame for settlement of securities transactions. On June 7, 1995, the new settlement cycle or T+3 will be established, as mandated by the Commission's Rule 15c6-1. As a result, the OCC's current rule establishing a T+5 settlement cycle will be inconsistent with Commission rules. This proposal will amend the OCC's rules to harmonize them with a T+3 settlement cycle. Further, as discussed in the release adopting Rule 15c6-1, a shorter settlement time frame could encourage greater efficiency in clearing agencies and broker-dealer operations. Thus, the proposed rule change should enhance the prompt and accurate

clearance and settlement of securities transactions.

**III. Conclusion**

For the reasons stated above, the Commission finds that OCC's proposal is consistent with Section 17A of the Act.<sup>7</sup>

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>8</sup> that the proposed rule change (File No. SR-OCC-94-11) be and hereby is approved and will become effective June 7, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 95-8421 Filed 4-5-95; 8:45 am]

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[Release No. IC-20979; 812-9444]

**Van Kampen Merritt Equity Opportunity Trust, Series, 7, et al.; Notice of Application**

March, 30, 1995.

**AGENCY:** Securities and Exchange Commission ("SEC").

**ACTION:** Notice of Application for Exemption under the Investment Company Act of 1940 (the "Act").

**APPLICANTS:** Van Kampen Merritt Equity Opportunity Trust, Series 7 and Van Kampen American Capital Distributors, Inc. ("Van Kampen American").

**RELEVANT ACT SECTIONS:** Order requested under sections 6(c) and 17(b) from section 17(a).

**SUMMARY OF APPLICATION:** Applicants request an order to permit a terminating series of a unit investment trust to sell portfolio securities to a new series of the trust.

**FILING DATES:** The application was filed on January 25, 1995 and amended on March 22, 1995.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on April 24, 1995 and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature

<sup>12</sup> 17 CFR 200.30-3(a)(12) (1994).

<sup>1</sup> 15 U.S.C. 78s(b) (1988).

<sup>2</sup> Securities Exchange Act Release No. 35265 (January 23, 1995), 60 FR 6583.

<sup>3</sup> Securities Exchange Act Release Nos. 33023 (October 6, 1993), 58 FR 52891 (adoption of Rule 15c6-1) and 34952 (November 9, 1994), 59 FR 59137 (changing effective date from June 1, 1995, to June 7, 1995).

<sup>4</sup> The transition from T+5 settlement to T+3 settlement will occur over a four day period. Friday, June 2, will be the last trading day with five business day settlement. Monday, June 5, and Tuesday, June 6, will be trading days with four business day settlement. Wednesday, June 7, will be the first trading day with three business day settlement. As a result, trades from June 2 and June 5 will settle on Friday, June 9. Trades from June 6 and June 7 will settle on Monday, June 12.

<sup>5</sup> 15 U.S.C. 79q-1 (1988).

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(F) (1988).

<sup>7</sup> 15 U.S.C. 78f (1988).

<sup>8</sup> 15 U.S.C. 78s(b)(2) (1988).

<sup>9</sup> 17 CFR 200.30(a)(12) (1994).

of the writer's request, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 5th Street N.W., Washington, D.C. 20549. Applicants, c/o Van Kampen Merritt Inc., One Parkview Plaza, Oakbrook Terrace, Illinois 60181.

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

### Applicants' Representations

1. Van Kampen Equity Opportunity Trust (the "Trust") is a unit investment trust registered under the Act that will consist of a series (each a "Trust Series" or "Series") of unit investment trusts. Van Kampen American is the sponsor and depositor for each Trust Series. Applicants request that the relief sought herein apply to future similar Series of the Trust.

2. Each Trust Series will contain a portfolio of equity securities that represents a portion of a specific index (an "Index"). The investment objective of each Trust Series is to seek a greater total return than that achieved by the stocks comprising the entire related Index over the life of the Trust Series. To achieve this objective, each Trust Series will consist of a specified number of the highest dividend yielding stocks in the Series' respective Index. The sponsor of the Series intends that, as each Series terminates, a new Series based on the appropriate Index will be offered for the next period.

3. Each Trust Series has or will have a contemplated date (a "Rollover Date") on which holders of units in that Trust Series (a "Rollover Trust Series") may at their option redeem their units in the Rollover Trust Series and receive in return units of a subsequent Series of the same type (a "New Trust Series"). The New Trust Series will be created on or about the Rollover Date, and have a portfolio that contains securities ("Equity Securities") that are (i) actively traded (*i.e.*, have had an average daily trading volume in the preceding six months of at least 500 shares equal in value to at least 25,000 United States dollars) on an exchange (a "Exchange") which is either (a) a national securities exchange that meets the qualifications of section 6 of the Securities Exchange Act of 1934 or (b) a foreign securities exchange that meets the qualifications set out in the proposed amendment to rule 12d3-1(d)(6) under the Act as proposed by the SEC and that releases

daily closing prices, and (ii) included in a published Index.

4. There is normally some overlap from year to year in the stocks having the highest dividend yields in an Index and, therefore, between the portfolios of each Rollover Trust Series and the New Trust Series. For example, of the ten securities selected for inclusion in United States Portfolio, Series 1 on April 1, 1994, nine are still among the top ten dividend yielding stocks as of the date of the application. Upon termination, each United States Portfolio Rollover Trust Series will sell all of its portfolio securities on the New York Stock Exchange as quickly as practicable. Similarly, a New Trust Series will acquire its portfolio securities in purchase transactions on the New York Stock Exchange. This procedure creates brokerage commissions on portfolio securities of the same issue that are borne by the holders of units of both the Rollover Trust Series and the New Trust Series. Applicants, therefore, request an order to permit any Rollover Trust Series to sell portfolio securities to a New Trust Series.

5. In order to minimize the possibilities of overreaching in these transactions, the applicants agree that Van Kampen American will certify to the trustee, within five days of each sale from a Rollover Trust Series to a New Trust Series, (a) that the transaction is consistent with the policy of both the Rollover Trust Series and the New Trust Series, as recited in their respective registration statements and reports filed under the Act, (b) the date of such transaction, and (c) the closing sales price on the Exchange for the sale date of the securities subject to such sale. The trustee will then countersign the certificate, unless, in the unlikely event that the trustee disagrees with the closing sales price listed on the certificate, the trustee immediately informs Van Kampen American orally of any such disagreement and returns the certificate within five days to Van Kampen American with corrections duly noted. Upon Van Kampen American's receipt of a corrected certificate, if Van Kampen American can verify the corrected price by reference to an independently published list of closing sales prices for the date of the transactions, Van Kampen American will ensure that the price of units of the New Trust Series, and distributions to holders of the Rollover Trust Series with regard to redemption of their units or termination of the Rollover Trust Series, accurately reflect the corrected price. To the extent that Van Kampen American disagrees with the trustee's corrected

price, Van Kampen American and the trustee will jointly determine the correct sales price by reference to a mutually agreeable, independently published list of closing sales prices for the date of the transaction.

### Applicants' Legal Analysis

1. Section 17(a) of the Act generally makes it unlawful for an affiliated person of a registered investment company to sell securities to or purchase securities from the company. Investment companies under common control are affiliates of one another. Each Trust Series will have an identical or common Sponsor that may be considered to control each Trust Series.

2. Section 17(b) provides that the SEC shall exempt a proposed transaction from section 17(a) if evidence establishes that: (a) The terms of the proposed transaction are reasonable and fair and do not involve overreaching; (b) the proposed transaction is consistent with the policies of the registered investment company involved; and (c) the proposed transaction is consistent with the general provisions of the Act. Under section 6(c), the SEC may exempt classes of transactions, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicants believe that the proposed transactions satisfy the requirements of sections 6(c) and 17(b).

3. Rule 17a-7 under the Act permits registered investment companies that are affiliates solely by reason of common investment advisers, directors, and/or officers, to purchase securities from or sell securities to one another at an independently determined price, provided certain conditions are met. Paragraph (e) of the rule requires an investment company's board of directors to adopt and monitor the procedures for these transactions to assure compliance with the rule. A unit investment trust does not have a board of directors and, therefore, may not rely on the rule. Applicants represent that they will comply with all of the provisions of rule 17a-7, other than paragraph (e).

4. Applicants represent that purchases and sales between Series will be consistent with the policy of the Trust, as only securities that otherwise would be bought and sold on the open market pursuant to the policy of each Trust Series will be involved in the proposed transactions. Applicants further believe that the current practice of buying and selling on the open market leads to unnecessary brokerage fees and is

therefore contrary to the general purposes of the Act. In order to minimize the possibility of overreaching, applicants have agreed to comply with the conditions discussed below.

#### Applicants' Conditions

Applicants agree that the order granting the requested relief shall be subject to the following conditions:

1. Each sale of Equity Securities by a Rollover Trust Series to a New Trust Series will be effected at the closing price of the securities sold on the applicable Exchange on the sale date, without any brokerage charges or other remuneration except customary transfer fees, if any.

2. The nature and conditions of such transactions will be fully disclosed to investors in the appropriate prospectus of each future Rollover Trust Series and New Trust Series.

3. The trustee of each Rollover Trust Series and New Trust Series will (a) review the procedures relating to the sale of securities from a Rollover Trust Series and the purchase of those securities for deposit in a New Trust Series, and (b) make such changes to the procedures as the trustee deems necessary that are reasonably designed to comply with paragraphs (a) through (d) of rule 17a-7.

4. A written copy of these procedures and a written record of each transaction pursuant to this order will be maintained as provided in rule 17a-7(f).

For the Commission, by the Division of Investment Management under delegated authority.

**Margaret H. McFarland,**

*Deputy Secretary.*

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#### SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2767]

#### Pennsylvania; Declaration of Disaster Loan Area

Montgomery County and the contiguous counties of Berks, Bucks, Chester, Delaware, Lehigh, and Philadelphia in the State of Pennsylvania constitute a disaster area as a result of damages caused by a fire which occurred on March 7, 1995 in Norristown Borough. Applications for loans for physical damages as a result of this disaster may be filed until the close of business on May 30, 1995, and for economic injury until the close of business on January 2, 1996, at the address listed below: U.S. Small

Business Administration, Disaster Area 1 Office, 360 Rainbow Blvd. South, 3rd Floor, Niagara Falls, NY 14303, or other locally announced locations.

The interest rates are:

	Percent
For Physical Damage:	
Homeowners with credit available elsewhere .....	8.000
Homeowners without credit available elsewhere .....	4.000
Businesses with credit available elsewhere .....	8.000
Businesses and non-profit organizations without credit available elsewhere .....	4.000
Others (including non-profit organizations) with credit available elsewhere .....	7.125
For economic injury:	
Businesses and small agricultural cooperatives without credit available elsewhere ...	4.000

The number assigned to this disaster for physical damage is 276705 and for economic injury the number is 849800.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008.)

Dated: March 30, 1995.

**Philip Lader,**

*Administrator.*

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#### DEPARTMENT OF STATE

[Public Notice 2185]

#### Overseas Schools Advisory Council; Meeting

The Overseas Schools Advisory Council, Department of State, will hold its Annual Committee Meeting on Thursday, June 15, 1995 at 9:30 a.m. in Conference Room 1408, Department of State Building, 2201 C Street, NW., Washington, DC The meeting is open to the public.

The Overseas Schools Advisory Council works closely with the U.S. business community in improving those American-sponsored schools overseas which are assisted by the Department of State and which are attended by dependents of U.S. government families and children of employees of U.S. corporations and foundations abroad.

This meeting will deal with issues related to the work and the support provided by the Overseas Schools Advisory Council to the American-sponsored overseas schools.

Members of the general public may attend the meeting and join in the discussion, subject to the instructions of the Chairman. Admittance of public

members will be limited to the seating available. Access to the State Department is controlled and individual building passes are required for each attendee. Persons who plan to attend should so advise the office of Dr. Ernest N. Mannino, Department of State, Office of Overseas Schools, SA-29, Room 245, Washington, DC 20522-2902, telephone 703-875-7800, prior to May 18, 1995. Visitors will be asked to provide their date of birth and Social Security number at the time they register their intention to attend and must carry a valid photo ID with them to the meeting. All attendees must use the C Street entrance to the building.

Dated: March 24, 1995.

**Ernest N. Mannino,**

*Executive Secretary, Overseas Schools Advisory Council.*

[FR Doc. 95-8418 Filed 4-5-95; 8:45 am]

BILLING CODE 4710-24-M

[Public Notice 2186]

#### Shipping Coordinating Committee, Maritime Safety Committee; Notice of Meeting

The Shipping Coordinating Committee (SHC) will conduct an open meeting at 9:30 A.M. on Wednesday, May 3, 1995, in Room 2415, at U.S. Coast Guard Headquarters, 2100 Second Street, SW., Washington, DC. The purpose of this meeting will be to finalize preparations for the 65th Session of the Maritime Safety Committee (MSC 65), and associated bodies of the International Maritime Organization (IMO), which is scheduled for May 9-17, 1995 at IMO Headquarters in London. At the meeting, papers received and the draft U.S. positions will be discussed.

Among other things, the items of particular interest are:

- RO/RO ferry safety
- Bulk carrier safety
- Role of the human element
- Existing ship safety standards
- Strategy for ship/port interface, and
- Report of eight subcommittees, Bulk Chemicals, Radio Communications, Ship Design and Equipment, Training and Watchkeeping, Flag State Implementation, Stability, Loadlines and Fishing Vessels, Containers and Cargoes, and Lifesaving, Search and Rescue

Members of the public may attend this meeting up to the seating capacity of the room. Interested persons may seek information by writing to Mr. Joseph J. Angelo, U.S. Coast Guard Headquarters (G-MI), 2100 Second Street, SW., Room 2408 Washington, DC